

Consumer Confidence Survey: June 2014¹

The Consumer Confidence Survey provides an assessment of respondents' perception spread across six metropolitan cities viz., Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi. The survey captures qualitative information on 3 point scale viz., improve, remain same, or worsen. The assessments are analysed in two parts, viz., current situation as compared with a year ago and expectations for a year ahead. There are four blocks in the survey schedule covering 5,000 respondents' broad perceptions on general economic conditions and own financial situation.

Highlights:

- i. Current Situation Index (CSI) in June 2014 remained at the threshold level as observed in March 2014. However, there has been significant improvement in Future Expectations Index (FEI) due to increase in the positive perceptions on all selected parameters except prices. Overall the consumer confidence index reflects improvement in the positive perceptions during current round of survey.

Current and Future Expectations Index

	Sep-13	Dec-13	Mar-14	Jun-14
Current Situation Index	88.0	90.7	99.9	100.4
Future Expectation Index	90.5	100.3	114.9	122.9

- ii. The net responses on economic outlook witnessed consistent increase over the last three rounds. However, net response on current economic condition remained negative and the gradual improvement observed till the last round got reversed (Table-1).
- iii. The net responses on current and future household circumstances witnessed an increase over the last round. Positive perceptions on salary and business income have contributed to the significant improvement in the perceptions on household circumstances (Table-2 and Table-3).
- iv. The consumer confidence survey reflects successive improvement in income expectations over the last four quarters. More than 60 per cent of the respondents expected increase in income 12 months ahead (Table-4).

¹The survey results of the previous quarter were published on April 01, 2014 with the publication "Macroeconomic and Monetary Developments in 2014-15 (An Update)" on the RBI website. The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.

- v. The respondents reported higher confidence on spending. The net response on future spending increased and witnessed positive sentiments for the first time in the last four rounds of surveys, as more than one third of respondents reported increase in future spending. Income and cost of consumer goods were two major factors which influence spending perceptions (Table-5 and Table-6).
- vi. During the current round, about 25-30 per cent of respondents felt that it was a good time for making outlays for big ticket purchases viz., house, durable goods and gold. Less than 20 per cent of the respondents felt that it was the right time for purchasing motor vehicle (Table-7).
- vii. Net response on current employment situation turned positive after three rounds. There has been overall improvement in the employment outlook (Table-8).
- viii. As regards inflation, current sentiments as well as future expectations do not show any improvement (Table-9 and Table-10).

Table 1: Perceptions on Economic Conditions

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Improve	22.4	22.7	29.5	25.5	29.9	34.8	47.6	56.7
Remain same	18.4	23.3	31.3	34.6	31.5	35.1	31.2	25.6
Worsen	59.3	54.0	39.1	39.9	38.6	30.1	21.1	17.6
Net Response	-36.9	-31.2	-9.6	-14.4	-8.8	4.7	26.5	39.1

Table 2: Perceptions on Household Circumstances

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Improve	30.8	23.7	32.4	36.5	33.3	37.1	52.9	59.7
Remain same	30.4	38.6	41.3	36.3	38.0	43.3	34.7	29.5
Worsen	38.8	37.7	26.2	27.2	28.7	19.6	12.4	10.9
Net Response	-8.0	-14.0	6.2	9.3	4.6	17.5	40.5	48.8

Table 3: Major Factors influencing views on Household Circumstances

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Salary and business income	84.1	70.0	74.8	84.4	81.3	77.2	72.1	90.0
Interest and dividend income	30.8	15.4	22.4	14.9	32.8	15.6	18.7	14.8
Income from real estate sales	26.6	12.1	17.6	13.1	26.2	12.2	16.1	13.7
Prices	76.0	78.8	81.7	74.4	70.6	70.9	75.8	73.1
Change in value of assets	25.8	12.8	17.4	7.6	26.3	13.6	17.4	8.1
The number of dependent in my family	34.5	19.7	33.2	20.4	37.2	20.4	30.0	19.1

Note: As respondents may report multiple factors, the percentage responses may add up to be more than 100.

Table 4: Perceptions on Income

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Increase	34.5	30.9	34.3	39.1	41.7	45.4	58.9	63.9
Remain same	43.5	53.5	54.2	46.7	41.2	46.4	35.8	30.8
Decrease	21.9	15.5	11.5	14.3	17.1	8.2	5.3	5.2
Net Response	12.6	15.4	22.8	24.8	24.6	37.2	53.6	58.7

Table 5: Perceptions on Spending

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Increase	61.8	76.7	73.9	77.1	28.4	26.4	25.1	36.3
Remain same	30.7	19.4	19.4	16.0	39.5	44.8	46.6	32.6
Decrease	7.5	3.9	6.6	6.8	32.1	28.8	28.3	31.2
Net Response	54.3	72.8	67.3	70.3	-3.7	-2.4	-3.3	5.1

Table 6: Major Factors influencing Spending Perception

(Percentage responses)

	Income	Future income	Non-financial assets	Financial assets	Expenditure on real estate	Expenditure on consumer durables	Number of dependents	Cost of consumer goods	Cost of services
Sep-13	66.6	32.1	20.5	40.0	26.2	39.0	49.9	79.4	70.4
Dec-13	51.2	22.2	9.7	17.7	20.8	38.2	41.8	83.0	66.9
Mar-14	49.0	26.0	11.3	24.7	21.6	46.6	50.2	75.2	71.7
Jun-14	61.7	29.6	10.9	16.7	23.8	34.5	36.1	67.6	62.1

Note:As respondents may report multiple factors, total of percentage relating to factors may be more than 100.**Table 7: Perceptions on Outlays for Major Expenditure**

(Percentage responses)

		Sep-13	Dec-13	Mar-14	Jun-14
Motor Vehicle	Yes	13.1	14.4	21.1	17.9
	Can't Say	19.2	17.3	21.9	20.6
	No	67.7	68.2	57.0	61.5
House	Yes	14.1	17.7	19.7	25.4
	Can't Say	16.6	15.4	18.7	19.2
	No	69.3	67.0	61.6	55.4
Durable goods	Yes	15.3	21.9	20.2	29.7
	Can't Say	18.4	18.6	27.3	21.8
	No	66.4	59.4	52.5	48.5
Gold	Yes	9.8	18.9	15.5	32.0
	Can't Say	12.2	15.4	15.7	17.8
	No	78.0	65.8	68.8	50.2

Table 8: Perceptions on Employment

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Improve	26.6	29.1	28.3	30.8	35.3	45.1	54.6	65.1
Remain Same	34.6	36.5	43.0	39.0	34.0	34.7	29.9	24.8
Worsen	38.8	34.4	28.7	30.2	30.7	20.2	15.5	10.1
Net Response	-12.1	-5.3	-0.4	0.6	4.6	24.9	39.0	54.9

Table 9: Perceptions on price level

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Increase	85.2	94.2	88.9	89.7	82.6	83.0	73.6	76.7
Remain same	11.4	5.1	9.1	8.8	13.1	14.0	19.9	16.1
Decrease	3.4	0.7	2.0	1.5	4.4	3.0	6.5	7.2
Net Response	-81.8	-93.5	-86.9	-88.2	-78.2	-80.0	-67.2	-69.5

Note: Perceptions of increase in prices is considered to be negative sentiments and decrease in prices is considered to be positive sentiments. The net responses are therefore, negative.

Table 10: Perceptions on rate of change in price levels (Inflation)

(Percentage responses)

	Compared with 1-year ago				1-year ahead			
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-13	Dec-13	Mar-14	Jun-14
Increase	89.0	93.4	83.8	87.1	85.4	87.8	80.8	84.0
Remain Same	8.3	6.2	14.5	11.1	10.9	11.1	16.3	14.5
Decrease	2.7	0.4	1.6	1.8	3.7	1.1	2.9	1.5
Net Response	-86.3	-93.0	-82.2	-85.4	-81.6	-86.6	-77.9	-82.4